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WIRELINE COMPETITION BUREAU ANNOUNCES RESULTS OF 2018 URBAN RATE SURVEY FOR FIXED VOICE AND BROADBAND SERVICES, POSTING OF SURVEY DATA AND EXPLANATORY NOTES, AND REQUIRED MINIMUM USAGE ALLOWANCE FOR ETCs SUBJECT TO BROADBAND PUBLIC INTEREST OBLIGATIONS FOR ALL UNITED STATES CARRIERS, INCLUDING CARRIERS IN ALASKA

WC Docket No. 10-90

Today, the Wireline Competition Bureau (Bureau) announces the 2018 reasonable comparability benchmarks for fixed voice and broadband services for incumbent eligible telecommunications carriers (ETCs).¹ In addition, we announce the posting of the fixed voice and broadband services data collected in the most recent urban rate survey, and explanatory notes regarding the data, on the Commission's website at <http://www.fcc.gov/encyclopedia/urban-rate-survey-data>. The Bureau also announces the required minimum usage allowance for ETCs subject to public interest obligations for fixed broadband.

Voice Rates. Based on the survey results, the 2018 urban average monthly rate (the rate floor) is \$25.50.² Therefore, the reasonable comparability benchmark for voice services, two standard deviations above the urban average, is \$45.38.³ Under the Commission's rules, each ETC, including competitive ETCs providing fixed voice services,⁴ must certify in the FCC Form 481 filed no later than July 1, 2017, that the pricing of its basic residential voice services is no more than \$45.38.⁵

In May 2017, the Commission froze the rate at which support reductions would occur at \$18 until July 1, 2018 or until the Commission takes further action. Therefore, carriers will not be subject to any

¹ See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (*USF/ICC Transformation Order*), *aff'd sub nom*, *In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014).

² The *USF/ICC Transformation Order* defined the average urban rate to include local end-user rates plus state regulated fees (specifically, state subscriber line charges (SLCs), state universal service, and mandatory extended area service charges). *USF/ICC Transformation Order*, 26 FCC Rcd at 17751, para. 238.

³ *Id.* at 17694, para. 84.

⁴ The Bureau has adopted a benchmark only for fixed voice services because "the differences in rate plans and other attributes of fixed and mobile services would make it inordinately difficult to create a unified benchmark" that applied to both fixed and mobile services. See *Connect America Fund*, WC Docket No. 10-90, Order, 28 FCC Rcd 4242, para. 6 (WCB 2014).

⁵ 47 CFR § 54.313(a)(10); see also *USF/ICC Transformation Order*, 26 FCC Rcd at 18046-47, para. 1026. In the *USF/ICC Transformation Order*, the Commission required that as a condition of receiving high-cost support, ETCs must offer voice service in supported areas at rates that are reasonably comparable to rates for similar services in urban areas. *USF/Transformation Order*, 26 FCC at 17693, para. 81.

support reductions for any rate that is at least \$18.⁶ However, carriers *must still report their rates* to the extent those rates are below the rate floor (i.e. \$25.50) in their annual Form 481 filings.⁷

Broadband Rates. Recipients of high-cost and/or Connect America Fund support that are subject to broadband performance obligations are required to offer broadband service at rates that are at or below the relevant reasonable comparability benchmark.⁸ Carriers subject to the Alaska Plan are required to meet Alaska-specific benchmarks⁹ and to certify that they are meeting the relevant reasonable comparability benchmark for their broadband service offering in the FCC Form 481 filed no later than July 1, 2018.¹⁰

Under the approach adopted by the Bureau in 2014, the reasonable comparability broadband benchmark varies, depending upon the supported service's download and upload bandwidths and usage allowance.¹¹ Alaska-specific benchmarks were developed in the same manner using data from Alaska carriers serving Alaska urban areas.

The following table provides the 2018 benchmark for a number of different broadband service offerings, though providers will need to determine the benchmark for services with characteristics not shown in the table.¹²

Download Speed (Mbps)	Upload Speed (Mbps)	Capacity Allowance (GB)	2018 US	2018 AK
4	1	170	\$85.54	\$109.89
4	1	Unlimited	\$86.00	\$110.34
10	1	170	\$87.68	\$110.94
10	1	250	\$87.83	\$111.08
10	1	Unlimited	\$88.13	\$111.39
25	3	250	\$94.01	\$114.70
25	3	Unlimited	\$94.32	\$115.01
25	5	250	\$94.36	\$115.66

⁶ See *Connect America Fund*, WC Docket No. 10-90, Notice of Proposed Rulemaking and Order, 32 FCC Rcd 4509, 4514, paras. 14-15 (2017).

⁷ See 47 CFR 54.313(h).

⁸ *Id.* at 17695, para. 86.

⁹ *Connect America Fund, Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No.10-90, et al., 31 FCC Rcd 10139, 10149, para 28 (2016).

¹⁰ 47 CFR § 54.313(a)(12). The Commission has directed the Bureau to develop an Alaska-specific reasonable comparability benchmark. See *Connect America Fund; Universal Service Reform–Mobility Fund; Connect America Fund–Alaska Plan*, WC Docket Nos. 10-90, 16-271, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 10139, 10149, para. 28 (2016); *Connect America Fund*, WC Docket No.10-90, Order, 31 FCC Rcd 1208612092, para. 21 (2016).

¹¹ *Connect America Fund*, WC Docket No. 10-90, Report and Order, 29 FCC Rcd 13485 (WCB 2014).

¹² We emphasize that carriers subject to broadband public interest obligations may offer their customers services other than those meeting the defined benchmark and minimum usage allowance. As long as the carrier offers at least one broadband service plan that meets the relevant metrics, it is free to offer other plans and packages to meet the varying needs of consumers. We note that usage allowance requirements do not apply to those areas that rely exclusively on satellite backhaul. See *USF/ICC Transformation Order*, 26 FCC Rcd at 17699-700, para. 101; see also 47 CFR § 54.313(g).

25	5	Unlimited	\$94.67	\$115.97
50	5	Unlimited	\$106.52	\$120.68
100	10	Unlimited	\$126.42	\$133.85
100	20	Unlimited	\$127.89	\$138.61
250	25	Unlimited	\$168.02	\$220.26
500	50	Unlimited	\$203.71	\$304.76
1000	100	Unlimited	\$217.43	\$296.02

To facilitate benchmark calculations, the Bureau will post an Excel file and online tool in which providers can enter the relevant variables to determine the benchmark for specific service characteristics at <http://www.fcc.gov/encyclopedia/urban-rate-survey-data>.

Minimum Usage Allowance. Under the *USF/ICC Transformation Order* and subsequent orders, ETCs subject to broadband public interest obligations must provide broadband with usage allowances reasonably comparable to those available through comparable offerings in urban areas.¹³ The Commission delegated to the Bureau the task of setting a specific minimum usage allowance and specified that minimum should be adjusted over time.¹⁴

In the 2016 *Rate-of-Return Reform Order*, the Commission specified that the required minimum usage allowance for rate-of-return carriers receiving model-based support would be 150 GB per month, or a usage allowance reflecting the average usage of a majority of fixed broadband customers, using Measuring Broadband America data or a similar data source, whichever is higher.¹⁵ In the 2016 *Phase II Auction Order*, the Commission concluded that price cap carriers that accepted model-based support could meet the baseline performance data usage allowance established for the Phase II auction support in lieu of meeting the standard previously adopted by the Bureau's *Phase II Service Obligations Order*.¹⁶ The usage allowance adopted by the Commission for the baseline performance tier is the same as that specified for rate-of-return recipients of model-based support: 150 GB per month, or a usage allowance that reflects the average usage of a majority of fixed broadband customers, using Measuring Broadband America (MBA) data or a similar data source, whichever is higher.¹⁷

For 2017, the Bureau specified a minimum monthly usage allowance of 160 GB (rounded from

¹³ See *USF/ICC Transformation Order*, 26 FCC Rcd at 17699, para. 99. See 47 CFR §§ 54.308(a), 54.309(a).

¹⁴ *USF/ICC Transformation Order*, 26 FCC Rcd at 17699, para. 99. In 2013, the Bureau concluded that price cap carriers accepting model-based support would be required to offer a minimum usage allowance over the course of Phase II's term that (1) remains consistent with trends in usage for 80 percent of consumers using cable or fiber-based fixed broadband services, or alternatively, (2) is at least 100 GB and at or above the usage level for 80 percent of all of that carrier's broadband subscribers, including those subscribers that live outside of Phase II-funded areas. See *Connect America Fund*, WC Docket No. 10-90, Report and Order, 28 FCC Rcd 15060, 15068, paras. 18 (WCB 2013) (*Phase II Service Obligations Order*). The Bureau adopted the same approach for determining usage allowances for rate-of-return carriers as the Bureau had previously adopted for Phase II model-based support recipients. *Wireline Competition Bureau Announces Results of 2016 Urban Rate Survey for Fixed Voice and Broadband Services, et al.*, Public Notice, 31 FCC Rcd 3393 (WCB 2016).

¹⁵ *Connect America Fund et al.*, Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3099, para. 27 (2016). See 47 CFR § 54.308(a)(1).

¹⁶ *Connect America et al.*, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 5949, 5959, para. 25 n.52 (2016).

¹⁷ *Id.* at 5959-60, para. 25. See 47 CFR § 54.309(a)(2)(ii).

164 GB for administrative convenience) for both price cap carriers receiving Phase II model-based support and rate-of-return carriers based on 2015 MBA data.¹⁸ However, the MBA program is phasing out collection of usage data. Therefore, the Bureau is using the Cisco Visual Networking Index (Cisco VNI) average Internet household usage in the United States which is calculated based on analyst projections, Cisco-generated estimates and forecasts, and direct data collection.¹⁹ According to the Cisco VNI, the average Internet household generated 172.3 GB of Internet traffic per month in 2016, the most recent information available.²⁰ For administrative convenience, the Bureau specifies a minimum monthly usage allowance of 170 GB for 2018.

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¹⁸ In lieu of this national figure, price cap carriers receiving Phase II support are free to utilize the alternative measure adopted by the Bureau in 2013 if that is lower: a usage allowance that is at or above the usage level for 80 percent of all of that carrier's broadband subscribers, including those subscribers that live outside of Phase II-funded areas. See *Phase II Service Obligations Order*, 28 FCC Rcd at 15068, para. 18.

¹⁹ See Cisco Visual Networking Index: Forecast and Methodology, 2016-2021, Overview of VNI methodology available at https://www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-index-vni/complete-white-paper-c11-481360.html#_Toc484813975.

²⁰ See Cisco VNI Forecast Highlights Tool, North America, United States, Traffic per User and Household available at https://www.cisco.com/c/m/en_us/solutions/service-provider/vni-forecast-highlights.html#.